

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT  
OF  
TREASURER OF STATE  
STATE OF INDIANA  
July 1, 2003 to June 30, 2004





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AGENCY OFFICIALS

Office

Official

Term

Treasurer of State

Mr. Timothy Berry

02-10-03 to 02-09-07



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TREASURER OF STATE

We have reviewed the receipts, disbursements, and assets of the Treasurer of State for the period of July 1, 2003, to June 30, 2004. Treasurer of State's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Treasurer of State are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations.

STATE BOARD OF ACCOUNTS

September 20, 2004

TREASURER OF STATE  
REVIEW COMMENTS  
June 30, 2004

Disclosure of Receipts, Disbursements, and Principal Due per IC 21-1-3-11

	Common School Fund	IU Permanent Endowment Fund	Purdue Trust Fund
Receipts:			
Fines/Penalties	\$ 7,061,656.41	\$ -	\$ -
Interest	-	12,401.47	5,369.28
Repayment of Loans	138,683,470.34	-	-
Sale of Investments	<u>879,975,688.13</u>	<u>2,355,900.00</u>	<u>1,020,000.00</u>
Total Receipts	<u>\$ 1,025,720,814.88</u>	<u>\$ 2,368,301.47</u>	<u>\$ 1,025,369.28</u>
Disbursements:			
Investment Purchases	\$ 951,328,988.83	\$ 2,355,900.00	\$ 1,020,000.00
Nontaxable Reimbursement	-	-	-
Loan Advances	84,572,816.35	-	-
Distributions	<u>-</u>	<u>15,979.77</u>	<u>6,918.53</u>
Total Disbursements	<u>\$ 1,035,901,805.18</u>	<u>\$ 2,371,879.77</u>	<u>\$ 1,026,918.53</u>
Total Receipts over (under) Disbursements	\$ (10,180,990.30)	\$ (3,578.30)	\$ (1,549.25)
Transfers (Note 1)	57,630.91	-	-
Cash Balance, July 1, 2003 Restated ( Note 5)	<u>22,028,455.21</u>	<u>15,979.77</u>	<u>1,306.36</u>
Cash Balance, June 30, 2004 (Note 3)	<u>\$ 11,905,095.82</u>	<u>\$ 12,401.47</u>	<u>\$ (242.89)</u>
Investments, July 1, 2003	\$ 100,065,555.73	\$ 785,300.00	\$ 340,000.00
Purchase of Investments	951,328,988.83	2,355,900.00	1,020,000.00
Sale of Investments	<u>(879,975,688.13)</u>	<u>(2,355,900.00)</u>	<u>(1,020,000.00)</u>
Investments, June 30, 2004	<u>\$ 171,418,856.43</u>	<u>\$ 785,300.00</u>	<u>\$ 340,000.00</u>
Interest Received from Investments (Note 2)	<u>\$ 2,422,067.25</u>	<u>\$ 12,401.47</u>	<u>\$ 5,369.28</u>
Loans Outstanding July 1, 2003	\$ 376,178,349.90		
Prior Year Adjustments (Note 4)	35,416.67		
Loan Advances	84,572,816.35		
Repayment of Loans	<u>(138,683,470.34)</u>		
Loans Outstanding June 30, 2004	<u>\$ 322,103,112.58</u>		
Interest Received on Loans (Note 2)	<u>\$ 14,523,424.65</u>		

The accompanying notes are an integral part of this schedule.

TREASURER OF STATE  
REVIEW COMMENTS  
JUNE 30, 2004

Note 1. Transfers

\$57,630.91 was transferred from the Abandoned, Unclaimed Property Funds, Escheated Estates to the Common School Fund per Indiana Code 32-34-1-34.

Note 2. Interest Earned on Common School Fund Loans and Investments

Interest earned on investments made from the Common School Fund was \$2,422,067.25. Interest earned on loans made to schools from the Common School Fund was \$14,523,424.65. The Common School Fund Interest is deposited in the State's General Fund and annually appropriated for the support of the common schools in accordance with Indiana Code 21-1-1-1.5.

Note 3. Cash

Cash represents the 'cash' object balances on the Auditor of State's accounting system which consists of funds pooled for the purchase of investments.

Note 4. Prior Period Adjustments

Prior period adjustment of \$35,416.67 was due to a school repayment to the Treasurer of State in the current fiscal year for a prior year loan repayment. The object code used for prior period adjustments is 37000 for the Common School Fund.

Note 5. Restatement

Due to compilation error the Common School Fund cash balance for fiscal year ended June 30, 2003, was restated to reflect a reduction of \$1,000.00.

TREASURER OF STATE  
REVIEW COMMENTS  
June 30, 2004

Investments and Principal Due Disclosure per IC 21-1-3-11

The total investments at June 30, 2004 for the Indiana University Permanent Endowment Fund, the Purdue University Trust Fund and the Common School Fund are as follows:

<u>Description</u>	<u>Maturity Date</u>	<u>Original Cost</u>
<b>Indiana University Permanent Endowment Fund</b>		
Certificates of Deposit		
Flagstar Bank, Jackson, MI	09-16-04	<u>\$ 785,300.00</u>
<b>Purdue University Trust Fund</b>		
Certificates of Deposit		
Flagstar Bank, Jackson, MI	09-16-04	<u>\$ 340,000.00</u>
<b>Common School Fund</b>		
Certificate of Deposit:		
Community First Bank, Corydon	08-25-04	\$ 100,000.00
MetroBank, Indianapolis	08-25-04	100,000.00
Mainsource Bank, Greensburg	08-25-04	100,000.00
Star Financial Bank, Fort Wayne	08-25-04	100,000.00
State Bank of Medora, Medora	08-25-04	100,000.00
First United Bank, Middletown	08-25-04	400,000.00
1st Source Bank, South Bend	09-01-04	1,000,000.00
First Merchants Bank, Muncie	09-01-04	1,000,000.00
Fifth Third Bank, Evansville	09-01-04	1,000,000.00
Lake City Bank, Warsaw	09-01-04	1,000,000.00
Old National Bank, Evansville	09-01-04	1,000,000.00
Terre Haute First National Bank, Terre Haute	09-01-04	1,000,000.00
Old National Bank, Evansville	09-01-04	<u>2,000,000.00</u>
Total Certificates of Deposit		<u>8,900,000.00</u>
Government Securities:		
Bank of New York, New York	07-07-04	14,942,492.00
Bank of New York, New York	07-23-04	14,976,817.00
Bank of New York, New York	08-10-04	14,968,267.00
Bank of New York, New York	09-20-04	19,916,277.78
Bank of New York, New York	11-01-04	19,867,633.34
Bank of New York, New York	11-08-04	<u>19,862,000.00</u>
Total Government Securities		<u>104,533,487.12</u>
T-Bill Investments:		
Bank of New York, New York	08-05-04	14,964,000.00
Bank of New York, New York	09-02-04	<u>24,910,482.64</u>
Total T-Bill Investments		<u>39,874,482.64</u>
Government Agency Coupons		
Bank of New York, New York	05-16-05	10,000,000.00
Bank of New York, New York	08-09-06	<u>8,110,886.67</u>
Total Government Coupons		<u>18,110,886.67</u>
Total Investments		<u>\$ 171,418,856.43</u>



TREASURER OF STATE  
EXIT CONFERENCE

The contents of this report were discussed on October 20, 2004, with Mr. Michael Frick, Deputy Treasurer of State. Our report disclosed no material items that warrant comment at this time.